GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:425
ANSWERED ON:03.02.2017
Public Debt Management Authority
Sathyabama Smt. V.

Will the Minister of FINANCE be pleased to state:

(a) whether the Government proposes to assign the function of planning market borrowings as well as issue of Sovereign Gold Bonds (SGBs) to Public Debt Management Agency (PDMA), if so, the details thereof;
(b) whether the Reserve Bank of India has the expertise to manage the Government debts, if so, the details thereof; and
(c) whether the Government proposes to make PDMA independent of the RBI control, if so, the details thereof and the steps taken in this regard?

Answer

The Minister of State in the Ministry of Finance
(Shri Arjun Ram Meghwal)
(a)
In Union Finance Minister's speech while presenting Union Budget for 2015-16, the Government had announced its intent for setting up a Public Debt Management Agency (PDMA) which will bring both, domestic debt and external borrowings under one roof. Domestic debt of the Government includes domestic market borrowings as well as amounts raised through Sovereign Gold Bonds (SGBs). The Government has set up a Public Debt Management Cell (PDMC) as an interim arrangement before setting up PDMA in due course. The PDMC will provide advice to Government on various debt management issues including market borrowings and SGBs.
(b)
Yes Madam. The Reserve Bank of India (RBI) is the statutory debt manager of the Government and has been managing the domestic public debt since independence, under the provisions of Section 20 and 21 of RBI Act, 1934. Over the years, RBI has developed the necessary infrastructure to handle various functions related to internal public debt management. It is also the repository of G-securities and maintains the Subsidiary General Ledger (SGL) Accounts of the participating entities like banks, primary dealers and other financial entities.
(c)
Government intends to make the Public Debt Management Agency (PDMA) an independent agency. The PDMC set up by the Government will undertake requisite preparatory work for PDMA. The transition from PDMC to PDMA will be monitored and implemented by Joint Committees which include representatives from Government, RBI and other stakeholders.